

Audit Report

Kalamazoo County Human Services Department WIC Program

October 1, 2002 – September 30, 2003



Office of Audit
Quality Assurance and Review Section
December 2004



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF COMMUNITY HEALTH
OFFICE OF AUDIT
400 S. PINE; LANSING, MI 48933

JANET OLSZEWSKI
DIRECTOR

December 20, 2004

A. Roger Vander Schie, Ed.D.
Health Officer
Kalamazoo County Human Services Department
Nazareth Complex
3299 Gull Road, P.O. Box 42
Nazareth, Michigan 49074-0042

Dear Mr. Vander Schie:

Enclosed is our final report from the Michigan Department of Community Health (MDCH) audit of the Kalamazoo County Human Services Department WIC Program for the period October 1, 2002 through September 30, 2003.

The final report contains the following: description of agency; funding methodology; purpose; objectives; scope and methodology; conclusions; and Statement of MDCH Grant Program Revenues and Expenditures. No exceptions were noted during our review.

Thank you for the cooperation extended our auditors.

Sincerely,

A handwritten signature in cursive script that reads "Debra S. Hallenbeck".

Debra S. Hallenbeck, Manager
Quality Assurance and Review
Office of Audit

cc: Alethia Carr, Director, WIC Division
James B. Hennessey, Director, Office of Audit
David Figg, Audit Manager, Office of Audit

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DESCRIPTION OF AGENCY

The Kalamazoo County Human Services Department (Human Services Department) is governed under the Public Health Code, Act 368 of 1978. The Human Services Department is a Special Revenue Fund of Kalamazoo County, and the administrative office is located in Kalamazoo, Michigan. The Human Services Department operates under the legal supervision and control of the Board of Commissioners of Kalamazoo County. The Human Services Department provides community health program services to the residents of Kalamazoo County. These service programs include: Food Service Sanitation, On-Site Sewage, Drinking Water, Vision Screening, Hearing Screening, Immunizations, General Communicable Disease, Sexually Transmitted Disease Control, AIDS Prevention, Family Planning, Breast and Cervical Cancer Control, Maternal and Child Outreach, and Women Infants and Children (WIC) Supplemental Food Program.

FUNDING METHODOLOGY

The Human Services Department services are funded from local appropriations, fees and collections, and grant programs. The Michigan Department of Community Health (MDCH) provides the Human Services Department with grant funding monthly, based on Financial Status Reports, in accordance with the terms and conditions of each grant agreement and budget.

Grant funding from MDCH for the WIC Program is federal funding under federal catalog number 10.557, and is first source funding, subject to performance requirements. That is, reimbursement from MDCH is based upon the understanding that a certain level of performance (measured in caseload established by MDCH) must be met in order to receive full reimbursement of costs (net of program income and other earmarked sources) up to the contracted amount of grant funds prior to any utilization of local funds.

PURPOSE AND OBJECTIVES

The purpose of this audit was to assess the WIC Program internal controls and financial reporting, and to determine the MDCH share of WIC Program costs. The following were the specific objectives of the audit:

1. To assess the Human Services Department's effectiveness in establishing and implementing internal controls over the WIC Program.
2. To assess the Human Services Department's effectiveness in reporting their WIC Program financial activity to MDCH in accordance with applicable MDCH requirements and agreements, applicable federal standards, and generally accepted accounting principles.
3. To determine the MDCH share of costs for the WIC Program in accordance with applicable MDCH requirements and agreements, and any balance due to or due from the Human Services Department.

SCOPE AND METHODOLOGY

We examined the Human Services Department's records and activities for the fiscal period October 1, 2002 to September 30, 2003. We performed our review procedures in July 2004. Our review procedures included the following:

- Reviewed the most recent Kalamazoo County Single Audit report for any WIC Program concerns.
- Completed the internal control questionnaire.
- Reconciled the WIC Program Financial Status Report (FSR) to the accounting records.
- Reviewed payroll expenditures.
- Tested a sample of expenditures for program compliance, and policy and approval procedures.
- Reviewed indirect cost and other cost allocations for reasonableness, and an equitable methodology.
- Reviewed building space/lease costs for proper reporting and compliance with Federal Requirements.
- Reviewed WIC equipment inventory and general Agency equipment inventory records.
- Reviewed WIC coupon inventory controls.

Our audit did not include a review of program content or quality of services provided.

CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

INTERNAL CONTROLS

Objective 1: To assess the Human Services Department's effectiveness in establishing and implementing internal controls over the WIC Program.

Conclusion: The Human Services Department was effective in establishing and implementing internal controls over the WIC Program. No internal control exceptions were noted.

FINANCIAL REPORTING

Objective 2: To assess the Human Services Department's effectiveness in reporting their WIC Program financial activity to MDCH in accordance with applicable MDCH requirements and agreements, applicable federal standards, and generally accepted accounting principles.

Conclusion: The Human Services Department reported its WIC Program financial activity to MDCH in accordance with applicable MDCH requirements and agreements, applicable federal standards, and generally accepted accounting principles. No financial reporting exceptions were noted.

MDCH SHARE OF COSTS AND BALANCE DUE

Objective 3: To determine the MDCH share of costs for the WIC Program in accordance with applicable MDCH requirements and agreements, and any balance due to or due from the Human Services Department.

Conclusion: The MDCH obligation under the WIC Program for fiscal year ended September 30, 2003, is \$423,625. The attached Statement of MDCH Grant Program Revenues and Expenditures shows the budgeted, reported, and allowable costs. The audit made no adjustments affecting WIC grant program funding.

Kalamazoo County Human Services Department
WIC Supplemental Food Program
Statement of MDCH Grant Program Revenues and Expenditures
10/1/02 - 9/30/03

	BUDGETED	REPORTED	AUDIT ADJUSTMENT	ALLOWABLE
REVENUES:				
MDCH Grant	\$423,625	\$423,625 ¹	\$0	\$423,625
Local and Other Funds	\$158,989	\$153,211	\$0	\$153,211
TOTAL REVENUES	\$582,614	\$576,836	\$0	\$576,836
EXPENDITURES:				
Salary and Wages	\$239,740	\$240,432	\$0	\$240,432
Fringe Benefits	\$82,850	\$83,039	\$0	\$83,039
Equipment	\$0	\$0	\$0	\$0
Contractual	\$0	\$0	\$0	\$0
Supplies	\$17,150	\$18,030	\$0	\$18,030
Travel	\$4,000	\$2,311	\$0	\$2,311
Communications	\$6,000	\$5,601	\$0	\$5,601
County Central Service Cost	\$116,745	\$116,745	\$0	\$116,745
Space Cost	\$31,600	\$32,222	\$0	\$32,222
Other Expense	\$3,300	\$4,633	\$0	\$4,633
Indirect Cost	\$24,614	\$22,493	\$0	\$22,493
Personal Health Admin.	\$56,615	\$51,330	\$0	\$51,330
TOTAL EXPENDITURES	\$582,614 •	\$576,836	\$0	\$576,836

¹ Actual MDCH payments.